

Message Text

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ACTION EA-10

INFO OCT-01 EUR-08 ISO-00 NIC-01 SAJ-01 COME-00 SAM-01

AGR-05 SWF-01 SP-02 EB-04 NSC-05 RSC-01 CIEP-01

TRSE-00 SS-20 STR-01 OMB-01 CEA-01 CIAE-00 DODE-00

PM-03 H-01 INR-05 L-01 NSAE-00 PA-01 PRS-01 USIA-06

IO-04 FEA-01 DRC-01 TAR-01 /089 W

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R 110559Z OCT 74 ZDK

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 2509

INFO USLO PEKING

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

USMISSION USUN

AMEMBASSY MOSCOW

C O N F I D E N T I A L HONG KONG 11229

E.O. 11652: GDS

TAS: PFOR CH US UR ECON EAGR

SUBJ: PRC CONCERN OF U.S. CANCELLATION OF SOVIET GRAIN PRUCHASE

SUMMARY. IN FIRST SPECIFIC PRC REACTION TO U.S. CANCELLATION OF SOVIET GRAIN PURCHASE, PRC CADRE IN HONG KONG HAVE DISPLAYED CONCERN OVER WHAT THEY CONSTRUE TO BE PRESIDENTIAL INVOLVEMENT IN TOUGH U.S. POLICY APPROACH ON FOOD AND ENERY ISSUE. END SUMMARY.

1. A LOCAL TRADE REPRESENTATIVE OF THE U.S. GRAIN TRADING FIRM

WITH OFFICE IN HONG KONG HAS INFORMED CONGEN AG OFFICER THAT HONG KONG REPRESENTIVES OF PRC GRAINTRADING ORGANIZATION CONTACTED HIM OCTOBER 8 URGENTLY REQUESTING MEETING TO DISCUSS SIGNIFICANCE OF PRESIDENT FORD'S PERSONAL INVOLVEMENT IN SUDDEN CANCELLATION OF SALE OF U.S. GRAIN TO SOVIET UNION.

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2. TRADER, WHO SUGGESTED TO PRC TRADE REPS THAT THEY DISCUSS MATTER BY TELEPHONE RATHER THAN HOLD MEETING, REPORTED CHINESE THEN MADE FOLLOWING POINTS TO HIM:

- A. CHINESE ARE UNDER IMPRESSION THAT PRESIDENT IS TAKING HARD LINE "TOWARD WHOLE WORLD" AND GAVE AS SPECIFIC EXAMPLE HIS HARD STAND ON ARAB OIL EXPORTERS;
- B. ALTHOUGH NOT SYMPATHETIC TOWARDS RUSSIANS (WHO WERE

CRITICIZED IN NCNA OCTOBER 9 REPORT ON GRAIN CANCELLATION), CHINESE CHARACTERIZED U.S. CANCELLATION AS ARBITRARY; AND
C. CHINESE QUESTIONED WHY PRESIDENT WOULD STOOP TO INVOLVE HIMSELF IN WHAT APPARENTLY IS ADMINISTRATIVE ACTION WHICH USDA PERFECTLY CAPABLE OF CARRYING OUT. "IN OUR COUNTRY TOP OFFICIALS WOULD NOT BE THUS INVOLVED", THEY CLAIMED.

3. WHEN TRADER ASKED PRC TRADE REPS IF THEY WERE CONCERNED BECAUSE THEY MIGHT BE INTERESTED IN PURCHASING MORE U.S. WHEAT, CHINESE REPORTEDLY REPLIED THAT THEIR CONCERN TRANSCENDED MERE COMMERCIAL CONSIDERATIONS; THEY WERE CONCERNED ABOUT "HIGH POLICY".

4. TRADER, WHO IS ETHNIC CHINESE BUT BRITISH SUBJECT AND EXPERIENCED IN PRC TRADE MATTERS, IN RESPONDING TO PRC QUESTIONS TOLD PRC REPS THAT HE SHARED IN SAME PUZZLEMENT OF PRESIDENT'S INVOLVEMENT AND PROMISED TO QUERY U.S. HOME OFFICE FOR EXPLANATION.

SUBSEQUENTLY HE HAS RECEIVED MATERIAL FROM HOME OFFICE (AND XEROXED SAME FOR CHINESE) BUT SAYS THIS MATERIAL FAILED TO TOUCH ON POLITICAL ASPECTS OF CANCELLATION. TRADER TOLD AGOFF THAT HE HAS IMPRESSION FROM CHINESE THAT THEY FEEL THEY UNDERSTOOD FORMER PRESIDENT NIXON FAIRLY WELL, BUT ARE UNSURE ABOUT HOW TO INTERPRET POSITION OF PRESIDENT FORD.

5. COMMENT . ABOVE INFO SUGGESTS THAT LOCAL PRC CADRES AT LEAST ARE DISTURBED BY POSSIBLE PRACTICAL IMPLICATIONS OF U.S. APPROACH ON INTERNATIONAL RESOURCES (FOOD AND ENERGY) ISSUE. IT IS FIRST SUCH SPECIFIC PRC REACTION THAT WE HAVE SEEN BUT WE EARLIER NOTED THAT INTERESTINGLY PRC MEDIA DID NOT REPORT NOR MENTION PRESIDENT FORD'S SEPTEMBER 18 SPEECH TO UNGA IN WHICH HE ENUNCIATED U.S. PRINCIPLES RE A GLOBAL APPROACH TO FOOD AND
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ENERGY PROBLEMS (HONG KONG 10625).
CROSS

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